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Department of
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Annual Report

1985 FARM MANAGEMENT

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FOREWORD

This Annual Report of the Farm Management Division of the Extension Branch is intended to provide an overview of activities and programs during 1985. The report intends to provide the reader with a general appreciation of the objectives, work activities and programs of the Farm Management Division.

Below is a list of the staff of the Farm Management Division at the end of 1985.

Gabriel Comeau	Supervisor	Truro Office
Peter Dekker	Farm Management Specialist	Kentville Office Western Nova Scotia
Jim Houghton	Farm Management Specialist	Truro Office Central Nova Scotia
Alan Grant	Farm Management Specialist	Truro Office Eastern Nova Scotia
Debbie Freeman	Farm Management Technician	Truro Office
Shelley Manning	Farm Management Technician	Kentville Office
Tracey Mitchell	Secretary	Truro Office

INTRODUCTION

The main objective of the Farm Management Division is to assist Nova Scotia farmers, farm leaders, and Nova Scotia Department of Agriculture and Marketing staff in developing their farm business management knowledge and skills. Farm Management deals with the skillful utilization of all resources available to the farm. In order to provide a useful service to their clientele, the staff of the Farm Management Division must have a working knowledge of the production side of agriculture, as well as expertise in the business side.

Management of any business, including a farm, involves the making of decisions. Sound management decisions require information upon which to base decisions and imply a critical analysis of the available information. The Farm Management Division, in addition to creating an awareness of the need for good information, collects and develops a base of data which is used by the agricultural industry.

The staff compliment of the Farm Management Division at year-end was four (4) professional staff members, two (2) agricultural technicians, and one (1) clerical staff member. There was one change in the staff complement during 1985. On September 3, 1985, Gabriel Comeau replaced Rollie L. Hayman as Supervisor of the Division, in the Truro office.

The staff of the Farm Management Division endeavour to work together as a team. By virtue of their job responsibilities, the professional staff will have most of the contacts with farmers, farm organizations and other staff. The contribution of the clerical and technical staff is nonetheless an integral part of the effort, and the output of the Division should be collectively attributed to all the staff.

The rest of this report will provide more detail on activities of the Farm Management Division in 1985.

FARM MANAGEMENT ACTIVITIES

The activities of the Farm Management Division are many and varied. For the prupose of this report they are divided into four (4) main categories:

(A) Farmer Counselling

(B) Formal Training

(C) Management Information Programs

(D) Other Activities

(A) Farmer Counselling

In 1985, as in previous years, individual counselling of farm clients remained a very high priority activity with the Farm Management Division. Table 1 provides a statistical summary of this particular activity for 1985.

TABLE 1

FARM MANAGEMENT COUNSELLING STATISTICS - 1985

ITEM	FARM & OFFICE CALLS	BUDGETS PREPARED	REFERRALS
Record System and Analysis	263	-	15
Pre-Loan Counselling	128	64	57
Bus. Agreements & Tax Management	103	10	24
Financial Management & Analysis	146	73	50
General Farm Management	311	13	16
TOTAL	951	160	162

In 1985, the staff had a total of 951 calls with farm clients, either at the farm or in the office. This is a 7% increase over the number of calls in 1984. It should be noted that 162 of these, or 17%, were referred to our staff by other people. These would include Agricultural Representatives, Farm Lenders, and members of the accounting and legal professions. This statistic (number of referrals) is a valid indication of the confidence shown towards the Farm Management Staff. The Farm Management Staff also find it beneficial to maintain a good working relationship with these other professionals. This cooperative approach is beneficial to the farmer client.

Table 1 divides client calls in five (5) major categories. A brief discussion of each of these five will provide a better understanding of what is involved in this aspect of the Farm Management program.

(1) Record System and Analysis

The largest category of client calls (28%) dealt with record systems and records analysis. This is a recognition of the fact that a good record-keeping system is the foundation for sound management decisions. Record-keeping in general has improved considerably on Nova Scotia farms during the last few years. However, there is still room for improvement in these areas. Efforts spent in this area will provide some long term benefits to that farm operation.

A good record-keeping system is the first step. It is most beneficial, however, when the records are analyzed, and the analysis used as a basis for management decisions. This is another high priority area with staff.

Some of the record analysis would be for farms participating in the annual swine and dairy farm business summaries. In some cases, it would involve a farm or office visit to assist the farmer in interpreting the analysis. Many of the participants in these two studies, however, are now sufficiently comfortable with this analysis, and a farm call is not required.

(2) Pre-Loan Counselling

In 1985, the number of pre-loan counselling calls decreased by 41%, from the previous year. This is a reflection of the generally static state of the agricultural industry. Limited opportunities for expansion result in less demand for agricultural credit.

Pre-loan counselling is still an important activity, however, as evidenced by the fact that 128 calls dealt with this topic.

The capital-intensive nature of modern agriculture means that the use of credit is almost always a necessity. Improper use of credit will usually result in cash flow difficulties, decreased profitability, and other management problems. Proper planning prior to obtaining credit will help in avoiding many of these pitfalls. The largest number of referrals (57) were related to this category of pre-loan counselling.

These types of calls require advising on the type of credit required, the size of the loan, and the repayment terms. In half of these cases a budget was prepared to assist in evaluating the credit proposal.

(3) Business Agreements & Tax Management

Although the sole proprietorship is still the most popular form of business structure utilized by Nova Scotia farmers, the number of farm partnerships and family-owned corporations is steadily increasing. As the size and complexity of our farm organizations continue to grow, this trend is expected to continue.

The Farm Management Staff have developed quite a bit of expertise in the area of business agreements as they apply to farm businesses. The role of the staff is primarily to advise farmers regarding the advisability of changing from one form of business agreement to another.

Where a change is taking place, members of the accounting and legal professions will normally be involved. The Farm Management Specialist will

usually be involved at the beginning, where his knowledge of production agriculture, marketing, etc. make the specialist a valuable source of information. This is another case where a good working relationship between the Farm Management Specialist, the lawyer, and the accountant will benefit all the professionals and the farmer client.

Income tax can be viewed as another farm expense. Unlike most other expenses, however, the amount of income tax payable is determined by an increasingly complex set of regulations. The Farm Management Division has developed some expertise in this area. Knowledge of tax laws is essential, for example, when evaluating two or more investment alternatives.

The Division activities in this area are not in competition with, but complimentary to the activities of those involved in accounting.

(4) Financial Management & Analysis

The area of financial management and credit analysis is another high priority with the Farm Management Staff. In 1985, there was a 9% increase over the previous year in the number of calls dealing with these topics.

Efforts expended in this area are considered to have long term benefits. It's an area that involves a large part of the Division's course work, but there is also a need for one on one contacts in this area, especially where a problem exists at the present time. More than one-third of these cases were referred to the Farm Management Division.

(5) General Farm Management

The biggest increase in calls (40%) is in the category of General Farm Management. As the name implies, this includes a variety of topics which would not fit in the other categories.

Only sixteen (16) of the three hundred and eleven (311) calls in this category were referred to Farm Management Staff. This is an indication of the fact that the Division staff have developed a good working relationship

with numerous farm clients over the years. The latter utilize this opportunity to discuss their production plans, etc. with a knowledgeable but unbiased advisor. In many ways, this is the most satisfying work for the Farm Management Staff.

(B) Formal Training

In the previous section, the extent and the nature of individual contacts between Farm Management Staff and farm clients have been discussed. A second major activity of the Division is in the area of formal training. This refers to group training activities, where information is relayed from the Farm Management Staff to a group of clients, primarily farmers. Some of these courses, a small proportion, are directed at fellow staff members, in order to enable them to better serve the farm clientele. Table 2 provides some statistical information on formal training activities for 1985.

TABLE 2

FORMAL TRAINING ACTIVITIES - 1985

ITEM	# COURSES GIVEN
Record System & Analysis	14
Business Agreements & Tax Management	8
Financial Management and Analysis	21
General Farm Management	27
TOTAL	70

A "course" is defined as one separate meeting where instruction is provided. It may be part of another (non farm management) course, a component in a multiple-session farm management course, or a separate, one session meeting. A total of 1,845 people attended the 70 training sessions offered by Farm Management Staff in 1985.

The purpose of this segment of the total program is to improve the farm management skills of Nova Scotia farmers. It's benefits will be felt over the long term, in helping clients avoid mistakes which might be made if they did not have this training.

The actual delivery of these courses is only one part of the effort. The preparation phase utilizes a lot of resources - staff time (including technical and clerical), printing, materials, etc. The benefits of this training activity are difficult to quantify. Many of today's leading farmers, however, did benefit from similar training fifteen to twenty years ago.

(C) Management Information Programs

It was mentioned earlier that the making of sound management decisions requires the availability of good information. Over the years, one of the important activities of the Farm Management Division has been to collect, analyze, publish and distribute economic data. Primarily, the type of information that is collected deals with costs and returns for various agricultural production activities.

In 1985, a variety of projects of this type were continued. The continuity of these various projects is very important, because it allows the plotting of trends, changes, etc. in the various agricultural sectors. A new project, looking at on-farm costs of over-wintering beef cattle, was started in 1985. All of these projects resulted in the preparation of a publication. A listing and brief description of these publications will provide the reader with a better understanding of the scope of these management information programs.

(1) Nova Scotia Dairy Farm Business Summary

One hundred and forty-five (145) Nova Scotia dairy producers provided their business information for inclusion in this summary. In return for the use of their information, we supplied each producer with a business analysis of his individual operation.

This publication has proven to be a leading source of management information on the Nova Scotia Dairy Industry. In 1985, some 700 copies of this publication were produced and distributed.

(2) Dairy Farm Business Summary - 5 Year Summary

The main purpose of this publication is to show trends that are taking place in the dairy industry over time. In particular, such factors as herd size, returns from milk, cost components and production coefficients are noted.

(3) Borrowed Capital Limits - Dairy

This publication attempts to set out a framework that can be used to estimate the amount of borrowed capital that can be repaid at various production and price levels on a per cow basis. The Dairy Farm Business Summary provides the basic data for this publication.

As might be expected, as production increases, a greater number of dollars can be borrowed and repaid. This publication has proven to be an excellent guide in counselling work with farmers and in addition, has been used extensively by Farm Loan Board personnel.

(4) Nova Scotia Swine Farm Business Summary - Farrow to Finish

In 1985, thirty-two (32) farrow to finish swine operators provided their business information for inclusion in this summary. In return for the use of their information, each producer was supplied with a business analysis of his individual operation.

The publication has proven to be quite useful for this industry. Some 250 copies were produced and distributed to various interested parties, including swine producers.

(5) Nova Scotia Swine Farm Business Summary - Weanling

In 1985, with the assistance and support of the Pork Producers, a summary based on costs incurred by those farmers who produced weanlings was prepared. The summary was the result of the average of some seven (7) weanling producers in the Province. Each co-operating farmer received an in-depth analysis of his own individual business.

(6) Nova Scotia Swine Farm Business Summary - Finishing

In 1985, with the assistance of Pork Producers, a farm business summary for hog finishing units was prepared. A total of thirteen (13)

producers co-operated by sharing their financial and physical information. In addition to the business summary, each of the co-operating producers received an individual business analysis of his finishing operation.

(7) Swine Farm Business Summary - Farrow to Finish - 5 Year Summary

The main purpose of this publication is to show trends that are taking place in the swine industry over time. In particular, such factors as size of operation, returns, cost components and production coefficients are noted.

(8) Investment Limits - Swine

This publication is similar in format and purpose to the Borrowed Capital Limite for Dairy. In the preparation of this publication, theoretical data was used as opposed to farm data in the dairy publication.

(9) Investment Limits - Sheep

This publication is similar to the one on swine. Its purpose and format were designed along the lines of the Borrowed Capital Limits for Dairy. Again, a theoretical base as opposed to farm data was used in the preparation.

(10) Fall Feeder Sale Statistics

This publication is an update of a similar one that has been prepared for the past number of years. Essentially, the publication attempts to outline the prices received, the number of cattle and the quality of cattle offered for sale at the Feeder Cattle Sale held in Truro. In addition to 1985 information, data from previous sales is included for comparison purposes.

(11) ACEEE Publications

Farm Management Staff are active members of the Atlantic Committee on Extension, Education, and Economics (ACEEE). One of the functions of this committee is the preparation of publications in the area of Farm Management. In 1985, one Farm Management Specialist was involved in a revision of a publication on Estate Planning. Publications now available include, Farm Partnerships, Farm Insurance, Farm Corporations, Tax Management Strategies,

Estate Planning, RRSP's, Wills, Machinery Management Decisions, Managing Farm Labor, and Economics of On-Farm Feed Processing.

(12) Farm Management Manual

During 1985 various fact sheets were prepared for our Farm Management Manual. In total, 29 different fact sheets were prepared on various commodity and business management related topics. The manuals are used by Agricultural Representatives and Farm Management Staff from outside Nova Scotia have requested a number of copies of this material.

(D) Other Activities

In addition to the main activities mentioned earlier, which are the cornerstones of the Farm Management program, several other activities are also important. These are discussed briefly.

(1) Farm Record Systems

The importance of farm record systems cannot be overemphasized. Promoting the adoption of good record-keeping systems is always important. The Farm Management Division, in addition to giving short courses on this topic, acts as a distribution centre for three (3) different manual record books - The Farm Account Book, a single entry system for small or part-time farmers, the Ontario Farm Record Book, and the Manitoba Farm Account Book. In 1985, approximately 300 copies of these farm account books were distributed, either directly to farmers or indirectly through County Agricultural Offices.

The Farm Management Division is also heavily involved with CanFarm - a computerized farm accounting system.

The Farm Management Division is the main Contact Agency for CanFarm in Nova Scotia. This role involves working closely with the farm clients to ensure that the data is entered properly and the reports are clearly understood. These activities dovetail quite nicely with the other activities of the Farm Management Division.

The long-term goal of the Division, however, is to transfer these clients to private sector Contact Agencies. The latter will be in a better position to provide a full service to the clientele, including preparation of the farm income tax return. Four (4) accounting firms in Nova Scotia presently have Contact Agency status.

In 1985, 137 farms were using the CanFarm system with the N.S. Department of Agriculture and Marketing as Contact Agent. This is a decrease from 163 farms in 1984, as clients are transferred to other agencies.

One of the reasons for the popularity of the CanFarm system over the years has been the CanFarm Recorder Technician Service. This service, the result of an assistance policy of government, provides for a sharing of the cost of a Recorder Technician. The technician visits the farm and records the financial and production data in a standard, prescribed manner and mails the information to the computer centre for processing. The result of this service is up-to-date information for the farmer and an excellent source of cost study information for Farm Management Staff. The Recorder Technician Service has been successful over the years, as evidenced by the rate of utilization by farm clients.

At the end of 1985, ten (10) technicians were providing service to one hundred and six (106) farms.

(2) Committees

Because Farm Management Staff have a fair bit of expertise in the business aspects of agricultural production, they are often called upon to serve on a variety of committees. The committee approach is an excellent way to accomplish certain tasks, but it does take up some time. Committee work, however, is an excellent opportunity for staff to broaden their horizons and to cooperate with other staff members. In 1985, Farm Management Staff served on the following standing committees:

Agricultural Manpower Committee
Atlantic Committee on Extension, Education, and Economics

Farm Management Publication Committee - ACEEE
On-Farm Computer Use Committee
Tree Fruit Production Committee

In addition to the above, Farm Management Staff also served on several ad hoc committees and task forces. Some of these include:

Beef Over-Wintering Project Steering Committee
Computer Task Group - ACEEE
Economics of Sheep Production Steering Committee
Extension Newsletter Task Group
Farm Management Challenges '85 Committee
Grain Production Task Group
Intensive Pasture Management Committee
Right-To-Farm Legislation Committee

(3) Farm Management Challenges '85

A highly successful Farm Management Conference, Farm Management Challenges '85, was held in Halifax in February, 1985. Several Farm Management Staff members were actively involved in planning, organizing, and running the Conference. The Conference was aimed at a clientele with above-average farm management skills, and the program reflected this fact.

A total of 210 delegates attended the Conference. Evaluation results were quite positive, and would seem to indicate that there is a need for this type of activity. The Conference was a joint undertaking of the Nova Scotia Department of Agriculture and Marketing, the Nova Scotia Federation of Agriculture, and Agriculture Canada.

(4) Agricultural Bankers' Conference

In October, 1985, the Farm Management Division organized a Conference for bank managers from the major agricultural production areas around Nova Scotia. The two-day Conference was designed to bring these lenders up-to-date on the various sectors in the agricultural industry.

Thirty (30) lenders, representing six (6) different lending institutions, attended this Conference. The participants appreciated the learning opportunity. The chance to meet and interact with bank personnel was also beneficial for the Farm Management Staff, because both groups work with the same clientele - Nova Scotia farmers.

(5) Beef Over-Wintering Study

In late 1984, the Farm Management Division became involved in a project to evaluate various beef over-wintering systems presently being used on Nova Scotia farms. The project is a joint undertaking of Agriculture Canada, The Nova Scotia Cattlemen's Association, and the Farm Management Division. A Steering Committee, with representatives from these three (3) organizations, directs the project.

Data will be collected for three (3) successive winter feeding seasons. In 1985, data for the first season was analyzed, and the data collection for the second season was started.

In addition to sitting on the Committee, Farm Management provided supervison and office services for one part-time employee hired under the project.

SUMMARY

The year 1985 was an interesting and challenging one for the Farm Management Division. Many on-going programs were continued, and some new activities were initiated as well, such as Farm Management Challenges '85.

The staff continued to enjoy a good working relationship with other Department Staff, especially Agricultural Representatives and Farm Loan Board Staff, and their assistance is gratefully acknowledged.

The supervisor would also like to extend a sincere thank you to all members of the Division for their cooperation and professionalism in this

difficult transition year. The support and assistance of Dick Huggard, Director, and Rollie Hayman, Assistant Director, is also sincerely acknowledged. From a personal point of view, the new job remains challenging and rewarding.

Respectfully submitted,

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Supervisor, Farm Management

GVC/tdm
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